

TABLE V

STATE OF TENNESSEE
COMPUTATION OF LEGAL DEBT SERVICE MARGIN
JUNE 30, 1998

(Expressed in Thousands)

LEGAL DEBT SERVICE LIMIT (1998 PLEDGED REVENUES OF \$621,159/150%)	\$ 414,106
LESS - 1998 DEBT SERVICE REQUIRED ON ALL GENERAL LONG-TERM DEBT, INCLUDING STATE LOAN PROGRAM AND FACILITIES REVOLVING FUND GENERAL OBLIGATION BONDS	<u>117,895</u>
LEGAL DEBT SERVICE MARGIN	<u>\$ 296,211</u>

	COLLECTIONS FOR FISCAL YEAR 1998				PLEDGED	
	PORTION PLEDGED	ALL GOVERNMENTAL FUND TYPES	LOCAL GOVERNMENT FUND	TOTAL	PERCENT	AMOUNT
CALCULATION OF 1998 PLEDGED REVENUES AS ABOVE:						
GASOLINE TAX	29.3 %	\$ 364,187	\$ 214,976	\$ 579,163	29.3	\$ 169,695
PETROLEUM PRODUCTS FEE	ALL	28,272	12,017	40,289	100.0	40,289
MOTOR VEHICLE REGISTRATION FEE	ONE-HALF	195,665		195,665	50.0	97,833
FRANCHISE TAX	ALL	<u>313,342</u>		<u>313,342</u>	100.0	<u>313,342</u>
TOTALS		<u>\$ 901,466</u>	<u>\$ 226,993</u>	<u>\$ 1,128,459</u>		<u>\$ 621,159</u>

NOTE: Pledged revenues for the last five years are shown below:

FISCAL YEAR	PLEDGED REVENUES	PERCENT INCREASE (DECREASE)
1994	526,996	7.7
1995	561,712	6.6
1996	573,205	2.0
1997	694,114	21.1
1998	621,159	(10.5)